

REMARKS

Claims **1, 56, 61-63** are independent.

Claims **1 - 50 and 56 - 64** are pending.

REQUEST FOR CONTINUED EXAMINATION

A request for continued examination is filed herewith.

CLAIM AMENDMENTS

Applicants have made the following amendments to the claims to facilitate prosecution and issuance. Applicants reserve the right to pursue the subject matter of the claims prior to amendment in continuing applications.

Independent claim **1** has been amended to include the limitations of dependent claim **45**.

Claim **2** has been amended to make explicit what was implicit.

Claim **5** has been amended in accordance with the amendment to independent claim **1**.

Claim **45** has been canceled, since its limitations were added to independent claim **1**.

Independent claims **61 and 62** have been amended to include the limitation which is herein added to claim **1**.

Section 103(a) Rejections

All claims stand rejected as obvious in light of the Examiner's personal experience during 1991 and 1992. Applicants respectfully traverse the Examiner's Section 103 rejections.

All independent claims generally include limitations that an offer is provided after there is an indication of an item that a customer is to purchase from a merchant.

Applicants note that all the evidence of record regarding the practices of Radio Shack™ selling cellular telephones (i.e. the documents v, w, and x provided by the Examiner in the Notice of References Cited, the document submitted by Applicants with the Declaration of Dean Alderucci) do not disclose that any offer is provided after there is an indication of an item that a customer is to purchase from Radio Shack™. Thus, the documentary evidence contradicts the Myhre Affidavit.

Radio Shack Documentary Evidence

The Examiner states that the Radio Shack™ web site, as evidenced by the cited document, "discloses that the method for selling and subsidizing cellular telephones as disclosed in the Examiner's Affidavit above is still in use by radio shack and has been updated to use personal computer systems online instead of facsimile machines and telephones."

Further claim Limitations Not SuggestedClaim 5:

Logan generally discloses a system where a subscriber may pay for personalized content (e.g., sound files). The subscriber may also pre-arrange to have advertising presented in exchange for receiving credit. Combining Logan with Myhre would involve, at best, presenting advertisements from different advertisers to customers.

The Examiner responds to this argument by equating advertisements with offers. Clearly, the two are not synonymous, and the combination of Logan with Myhre would not yield the claimed subject matter.

Claim 6

Contrary to the Examiner's assertion, there is nothing in the Myhre document which states or suggests that an offer is in any way based on customer information. In fact, there is nothing that suggests that an offer is anything other than a predetermined "list of service plans offered by Sprint™", and accordingly offers are not subject to variation, much less based on customer information.

The Examiner responds to this argument by equating customer information with product information ("a certain brand and model of cellular telephone"). Claim 2 has been amended to clarify that "customer information" means information about the customer.

Claim 15 and 16:

The Examiner's assertions with respect to claims 15 and 16 contradict the allegations in the Myhre document. The "offer" is the "list of service plans", and if the customer information is "completing the Sprint service application form" as alleged with respect to claim 7, then such an offer is clearly provided before the customer information is received.

As stated above, claim 2 has been amended to clarify that "customer information" means information about the customer.

Claim 42:

Nothing in the Myhre document suggests that an offer is performed only if a predetermined rule (e.g., customer indicates willingness to purchase cell phone) is satisfied (i.e. and not other times).

The Examiner responds to this argument by arguing generally that the "rule" in the Myhre Affidavit is that a customer who has indicated a willingness to purchase a cellular telephone. Final Office Action, page 21. This interpretation of "rule" makes the entire limitation (and thus dependent claim 42) superfluous, since independent claim 1 already recites providing an offer a customer who is to purchase an item.

Since an interpretation which renders a claim superfluous is untenable, the interpretation of "rule" is not tenable.

Claims 10 and 14:

The Examiner acknowledges that the alleged personal experiences do not read on claim 10. The Examiner fails to explain why the purportedly obvious benefit of verifying information was not performed during the alleged activities, since without such verifying "it may be impossible for Sprint to complete a credit check and issue an approval".

The Examiner responds to this argument by asserting that, although he has no personal knowledge of what Sprint did, it must be verifying whether the customer information is accurate. This is clearly not suggested by any reference of record, and moreover there are many alternate explanations besides verification. For example, Sprint™ could have run a credit check on the customer, or determined that the customer had not previously broken cellular telephone contracts.

Note that none of the above are suggested by any references of record either.

Claims 11 - 13:

Nothing in the Myhre document or Baker patent suggests assessing a penalty against the customer, much less the specific penalties of canceling the benefit or charging a penalty fee to the customer.

The Examiner responds to this argument by asserting that Baker discloses such penalties. However, neither Baker nor any other reference of record discloses or suggests "*assessing a penalty against the customer if the customer information is not accurate*". Further, Myhre suggests no reason to do so.

Claims 56 - 60 and 63:

Nothing in Myhre or Ellis suggests such an offer for a reduction in the total price [of at least one item that a customer is ready to purchase from a merchant via a web site] in exchange for applying for a credit card account with a credit card issuer. The prior art of record only discloses that credit card issuers provide application forms in the hopes that new customers will apply.

The Examiner responds to this argument by asserting that the claim limitations pertaining the specific service or product (e.g., credit card account) have no patentable weight. Final Office Action, page 22.

Claim 61:

Nothing in the Myhre document suggests that customer information is received and transmitted before an offer for a subsidy is provided. Myhre in fact contradicts this.

The Examiner responds to this argument by asserting that the customer information is the brand and model of cellular telephone. Claim **61** as amended clarifies that the item itself is not customer information.

Claims 3, 4, 17 and 33 - 40:

Nothing in the Myhre document or Saxe patent suggest, for a customer who is to purchase from a first merchant via a web site, receiving customer information which includes a service that is provided to the customer, or a service provider that provides a service to the customer.

Similarly, nothing in the Myhre document or Saxe patent suggest, for a customer who is to purchase from a first merchant via a web site, receiving customer information from a party other than the customer.

Similarly, nothing in the Myhre document or Saxe patent suggest, for a customer who is to purchase from a first merchant via a web site, determining a service provider that provides a service to the customer.

No Motivation to Combine

Claim 1 as amended includes the limitations of dependent claim 45, which was previously rejected in light of a combination of Myhre and Logan.

The record contains no motivation to combine Myhre and Logan in the manners proposed by the Examiner, absent hindsight.

The Examiner proposes the following motivation to combine Myhre with Logan:

"One would have been motivated to select the offer from a plurality of secondary merchants in order to give the customer greater latitude in the selection of service plans and providers, thus increasing the likelihood that the customer would accept the offer."

Final Office Action mailed December 29, 2003 (paper no. 31), page 10.

This motivation is found only in Applicants' disclosure. No reference of record provides this motivation. Accordingly, the Examiner has failed to demonstrate a *prima facie* case of obviousness.

Also, the Myhre assertions are directed to a closed system where a single cellular service provider (i.e., Sprint™) is required to activate a cellular telephone. It is well known that (especially during the time period in question) cellular telephones of a given manufacturer were operable with a single cellular service provider. Thus, it would make no sense to alter the assertions of Myhre to include, e.g., different service providers, which the purchaser of a cellular phone could not use with his phone.

Non-analogous References

Further, the Myhre, Logan, Ellis and Saxe documents are directed to different fields of endeavor.

In particular, Logan involves advertising from a plurality of advertisers, while Myhre involves selling a bundle which includes a cellular telephone and a service required to use the cellular telephone.

To rely on a reference under 35 U.S.C. § 103, it must be analogous prior art. The examiner must determine what is "analogous prior art" for the purpose of analyzing the obviousness of the subject matter at issue. "In order to rely on a reference as a basis for rejection of an applicant's invention, the reference must either be in the field of applicant's endeavor or, if not, then be reasonably pertinent to the particular problem with which the inventor was concerned." *In re Oetiker*, 977 F.2d 1443, 1446, 24 USPQ2d 1443, 1445 (Fed. Cir. 1992). See also *In re Deminski*, 796 F.2d 436, 230 USPQ 313 (Fed. Cir. 1986); *In re Clay*, 966 F.2d 656, 659, 23 USPQ2d 1058, 1060-61 (Fed. Cir. 1992) ("A reference is reasonably pertinent if, even though it may be in a different field from that of the inventor's

endeavor, it is one which, because of the matter with which it deals, logically would have commended itself to an inventor's attention in considering his problem.").

The Examiner asserts that the references are analogous because

"the references all pertain to conducting purchase transactions in which customer information is received and offers are provided"

Final Office Action, page 24.

The Examiner admits that "the transactions [of the references] may pertain to various products or service [sic] and the offers may pertain to various products or services". Final Office Action, page 24. On other words, the references are directed to differencing fields, but contain some teachings under the broad rubric of "selling". From this, the Examiner concludes that "it would have been obvious ... to look at many types of transaction and offer systems when developing a complete system." Final Office Action, page 24.

In summary, the Examiner has asserted that all references involving any type of transactions are analogous. By this logic, the following would all be analogous: bartering for produce at a bazaar, selling used goods at a tag sale, the Pentagon's system for receiving bids for military contracts, and selling real estate via the MLS (multiple listing service).

Clearly, two references are not analogous merely because they refer to "transactions". The rubric "transactions" is as overbroad as the rubric "engineering" or "physical sciences".

The Affidavit is insufficient

Examiner did not conduct a search

Applicants note that the alleged experiences relate to the operations of the well-known nationwide retailer Radio Shack™, which has been a publicly traded company (NYSE: RSH) since 1970.

Accordingly, Applicants request that the Examiner conduct a prior art search to provide reliable documentary evidence of the allegations, and to provide specificity to the allegations. For example, Applicants request any documentation that indicates, during the time period in question that:

- that Sprint sold telephones through Radio Shack™
- any price lists of the "current price" of a cell phone "(e.g., \$250)"
- any "service agreement with Sprint™" which indicates discounted prices
- any "list of service plans offered by Sprint™ with their costs and the amount of discount each would bring"
- any "Sprint™ application form"

Applicants also request clarification why the affidavit was not provided earlier, since it purports to describe events from well before examination and moreover the pending claims were never amended during examination.

When issuing the first Office Action (paper no. 15) and second Office Action (paper no. 19):

- did the Examiner have any memory of the alleged personal experiences, or instead
- did the Examiner only recall the alleged personal experiences after the Appeal Brief was filed on February 14, 2003?

The Examiner's Affidavit is not Substantial Evidence

All findings of fact by the U.S. Patent and Trademark Office must be supported by substantial evidence within the record. In re Gartside, 203 F.3d 1305, 1315, 53 USPQ2d 1769, 1775 (Fed. Cir. 2000). The Supreme Court has described "substantial evidence" in the following manner:

"substantial evidence is more than a mere scintilla. It means such relevant evidence as a reasonable mind might accept as adequate to support a conclusion. . . . Mere uncorroborated hearsay or rumor does not constitute substantial evidence."

Consolidated Edison Co. v. NLRB, 305 U.S. 197, 229, 83 L. Ed. 126, 59 S. Ct. 206 (1938);

See also, Dickinson v. Zurko, 527 U.S. 150, 162, 50 U.S.P.Q.2D 1930, 144 L. Ed. 2d 143, 119 S. Ct. 1816 (1999) ("Zurko III").

Similarly "review under this standard involves an examination of the record as a whole, taking into consideration evidence that both justifies and detracts from the agency's decision." Universal Camera Corp. v. NLRB, 340 U.S. 474, 487-88, 95 L. Ed. 456, 71 S. Ct. 456 (1951);
Zurko III, 527 U.S. at 162.

One's Experience Alone is not Substantial Evidence

“With respect to core factual findings in a determination of patentability, however, the Board cannot simply reach conclusions based on its own understanding **or experience** -- or on its assessment of what would be basic knowledge or common sense. Rather, the board must point to some concrete evidence in the record in support of these findings.” In re Zurko, 258 F.3d 1379, 1386, 59 U.S.P.Q.2d 1693 (Fed. Cir. 2001) (“Zurko IV”) (emphasis added).

This requirement applies even though “the Board clearly has expertise in the subject matter over which it exercises jurisdiction.” Zurko IV, 258 F.3d at 1385 - 86. This expertise may provide sufficient support for conclusions as to peripheral issues, not the core factual findings. Zurko IV, 258 F.3d at 1386. Deficiencies in cited references “cannot be remedied by the Board's general conclusions about what is ‘basic knowledge’ or ‘common sense’ ”. Zurko IV, 258 F.3d at 1385 – 86.

Thus, the Federal Circuit has held that not only is an agency member’s “own understanding or experience” not the same as “concrete evidence in the record”, the agency member’s “own understanding or experience” is not substantial evidence. Only “concrete evidence in the record” is substantial evidence. The Court could not “accept the Board's unsupported assessment of the prior art.” Zurko IV, 258 F.3d at 1386.

It is worth noting that, in Zurko IV, the Court reversed the Board's judgment for lack of substantial evidence support. Zurko IV, 258 F.3d at 1386. It was therefore not merely an instance where the Board failed to articulate and place matter on the record, warranting remand. See, e.g., In re Lee, 277 F.3d 1338, 1346, 61 USPQ2d 1430 (Fed. Cir. 2002), (in the “fine line between agency reasoning that is 'so crippled as to be unlawful' and action that is potentially lawful but insufficiently or

inappropriately explained”, “in the former circumstance, the court’s practice is to vacate the agency’s order, while in the latter the court frequently remands for further explanation … while withholding judgment on the lawfulness of the agency’s proposed action.”)

In summary, an Examiner’s or Board member’s “own experience” standing alone, even if such experience is adequately explained, is not concrete evidence in the record, and is thus not substantial evidence.

Documentation or Attestation Does not Create Substantial Evidence from Insubstantial Evidence

Since an Examiner’s or Board member’s “own experience” is not substantial evidence, it would be illogical to convert such undocumented experiences to substantial evidence merely by allowing the assertion to be affirmed under oath. Board members are already bound in their duties to follow ethical cannons that are at least as binding as an affirmation under oath. Therefore, an oath could not be considered a ‘cure’ for undocumented experiences.

In light of the recent Federal Circuit decisions in Zurko IV and In re Lee, an Examiner’s Affidavit under 37 C.F.R. § 104(d)(2) cannot be considered substantial evidence of assertions which are not supported by concrete evidence in the record. Moreover, that rule never specified that such an affidavit was to be considered, standing alone, substantial evidence which may be used as a primary basis for rejection. Instead, the rule providing for affidavits of Examiners might be better analogized to Official Notice, which as described below, is properly used only to "supplement or clarify the teaching of a reference". In re Ahlert, 424 F.2d 1088 (C.C.P.A. 1969).

Questionable Memory

Further reasons for lack of substantial evidence relate to the particular fact of the Affidavit. The events asserted occurred no later than 1992, 11 years before the date the affidavit was created. The accuracy of the Examiner's memory must be questioned.

Hindsight Basis for Remembering

Further, the accuracy of the Examiner's memory must also be questioned because the Affidavit was only created during the time after the Appeal Brief, which was filed February 14, 2003, 11 years after the events asserted in the Affidavit. By that time, the Examiner had already:

read the Applicants' disclosure,
construed Applicants' claims,
conducted a prior art search for similar subject matter,
applied references in two Office Actions against the pending claims, and
read Applicants' arguments in the Response and Appeal Brief regarding the patentability of all pending claims.

It is extremely likely that the already dim memories of the Examiner were influenced by reading and analyzing all of this information, and thus hindsight affected the Examiner's beliefs as to what actually transpired in the 1991 and 1992.

Affidavit Not Challengeable

Pursuant to 37 C.F.R. § 104(d)(2), the Affidavit must be "subject to contradiction or explanation by the affidavits of the applicant and other persons."

The need to allow contradiction or explanation presupposes that the assertions in such an affidavit are those which could in some way be countered or clarified by facts in another affidavit. It also presupposes that applicants would solicit such additional affidavits in response to receiving an affidavit of the examiner.

Clearly, this rule would cover situations involving, e.g., facts and truths which could be analyzed by an applicant subsequent to receiving the affidavit of the examiner, so that the applicant could then collect additional facts which "contradict or clarify" the examiner's affidavit. Such situations include assertions as to, e.g., the chemical properties of substances, mechanical characteristics of apparatus components, and electrical properties of circuits. Such situations involve facts which, if proven today, demonstrate that they were previously true as well. Thus they are subject to contradiction because a current investigation or explanation can demonstrate the veracity of the assertions, or lack thereof.

However, an assertion of a public use, especially one in which no additional parties are made available to the applicant and the alleged activity has ceased, is not contemplated by the rule. Patent applicants could not "challenge" a statement of a public use, especially one which was, of its face, not widespread or readily disseminated beyond an extremely small group, and one which does not name corroborating witnesses who are available.

The Affidavit refers to the Examiner and other unspecified "customers". Each of these parties is not available to the Applicants, and thus the Affidavit is not "subject to contradiction or explanation." The Examiner cannot be called upon by Applicant to testify or clarify his assertions under oath through the patent examination process. The remaining parties are unnamed, and there is no

specificity as to who else might be able to contradict or deny the assertions in the Affidavit.

Accordingly, the Affidavit is not subject to contradiction, and thus contravenes the rule which provides for an affidavit of the Examiner.

Contravenes Public Use Procedures

The rules provide for public use proceedings when there is an allegation of public use or sale more than one year before the filing of the application. These rules provide procedural and substantive safeguards which are circumvented by allowing a patent examiner to allege public use via an affidavit alone during ex parte examination.

The Commissioner has the authority to declare a public use proceeding in which a patent application may be rejected as anticipated by a public use. 37 C.F.R. § 1.292. If such proceedings are instituted, the patent applicant must be afforded the opportunity to cross examine witnesses whose testimony is used in alleging a prior public use of the invention. 37 C.F.R. § 1.292(a); 37 C.F.R. § 1.671 - 1.685.

Evidence must comply with the Federal Rules of Evidence. 37 C.F.R. § 1.671(b).

Parties are allowed to, e.g., seek permission to compel testimony or the production of documents or things under 35 U.S.C. § 24 or from an opposing party. 37 C.F.R. § 1.671(g) - (h). Witnesses may be examined. 37 C.F.R. § 1.673 - 1.675.

Thus, these rules clarify the substantive and procedural burdens that must be met in invalidating an application based on evidence of public use or sale more than one year before the filing of the application.

None of these procedural safeguards are afforded to an applicant who is faced with an assertion of public use based solely on the assertions of a patent examiner.

Appellant has no authority during ex parte examination to, e.g., cross examine the Examiner or compel the Examiner to clarify his assertions.

Not Based on Examiner's Expertise in the Art

The events asserted occurred before the Examiner accumulated the experience in searching and analyzing the prior art. This experience is the basis for the presumption of administrative expertise of Patent Examiners. Interconnect Planning Corp. v. Feil, 774 F.2d 1132, 1139, 227 USPQ 543, 548, (Fed. Cir. 1985). Thus, the memories and assessments of an allegedly similar prior art system were made by one without the expertise accumulated in the role of a Patent Examiner.

Such Assertions Are Not Those of an Unbiased, Third Party

As discussed above, the Examiner provided the Examiner's Affidavit only after reading Appellant's disclosure. Thus, the assertions are of questionable accuracy on hindsight reconstruction based on Appellant's disclosure. Further, the Examiner cannot be said to be completely unbiased because the Examiner has at least a partial interest in the ability to provide an unchallengeable rejection based on personal knowledge alone.

Allowing Examiner Allegations of Prior Public Use Would Dramatically Change Examination

If an affidavit of an Examiner, alleging prior but currently discontinued public use of an invention, were allowed to constitute substantial evidence, ex parte

examination would be dramatically altered. All examiners would have at least a partial interest in remembering facts, especially activities in their distant past, in a manner which more closely resembled the applicants' inventions, which were of course under review by those examiners and had already been studied by those examiners.

No new testimony allowed

Finally, Appellant note in passing that, if any new affidavit is offered from this time forward to bolster the prior Examiner's Affidavit, this new assertions would, at best, serve as a new basis for rejection: facts not considered or relied upon by the Examiner in rejecting the claims. It would not be an affirmation of the rejection based on existing evidence in the record, since such new assertions were not previously in the record.

Specificity Requested

Please state in a new affidavit or declaration answers to the following questions. For each question, where appropriate, please also indicate if you do not remember, or you are not sure you completely remember:

- Whether the Examiner has been to any Radio Shack™ store or Radio Shack™ online web site at any time during or after 1997.
- Whether the Examiner has been to any store or online web site which sells any wireless communication device (including cellular telephones) at any time during or after 1997.
- Whether the Examiner has purchased any wireless communication device (including a cellular telephone) and / or any wireless communication device service plan at any time during or after 1997.

- Whether the Examiner has ever disclosed to others not employed by the U.S. Patent and Trademark Office that Applicants were fruitlessly pursuing a patent for the present subject matter, and if so, to whom.
- Whether the Examiner has ever previously misremembered any facts in executed affidavits or declarations.
- Approximately how many similar systems the Examiner has dealt with at any time during or after 1997.
- Whether the Examiner has ever misunderstood or misremembered a published reference such that the Examiner's interpretation of a series of steps in the published reference was erroneous.
- The Examiner's current age.
- The specific dates in 1991 and 1992 of the personal experience at the store in question.
- Whether the prices cited in the affidavit (\$250 for a cell phone, \$50 for a cell phone "discounted price") are actually what the Examiner recalls the prices to be, or whether they are examples not based on any actual remembered prices.
- The specific details of the service plans at the store in question, including requirements that the customer be a certain age, and what benefits were afforded such customers.
- The specific details of the service plans at the store in question, including certain demographic requirements that the customer, and what benefits were afforded such customers.
- The specific subsidies provided for specific lengths of service contracts at the store in question.
- The specific subsidies provided for specific costs of phones at the store in question.

- The specific location, or locations if more than one, of the store in question.
- The specific information that was required to be entered on the "Sprint™ application form".
- Whether offers provided to the customer were from the manufacturer, advertiser or service provider.
- The specific identifying information, such as names and contact information, of anyone that can verify the accuracy of any of the allegations in the affidavit or declaration.

Conclusion

For the foregoing reasons it is submitted that all of the claims are now in condition for allowance and the Examiner's early re-examination and reconsideration are respectfully requested.

Alternatively, if there remains any question regarding the present application or any of the cited references, or if the Examiner has any further suggestions for expediting allowance of the present application, the Examiner is cordially requested to contact Dean Alderucci at telephone number 203-461-7337 or via electronic mail at Alderucci@WalkerDigital.com.

Respectfully submitted,



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Date